

## **TERMS OF REFERENCE FOR THE AUDIT & RISK COMMITTEE OF ALTEO LIMITED**

### **ROLE OF THE AUDIT & RISK COMMITTEE**

The Audit and Risk Committee is a sub-committee of the Board of Alteo Limited and it is mandated as follows:

**1. The Effectiveness of Financial Reporting which includes:**

- a. Reviewing the quarterly abridged unaudited financial statements and annual audited financial statements;
- b. Ensuring that the above-mentioned statements have been prepared within applicable standards;
- c. Ensuring that the above-mentioned statements reflect a fair view of the company/group's performance, assets and liabilities, cash flow, changes in equity including any areas of judgment; and
- d. Ensuring that external auditors' issues are addressed;

**2. The status of Internal Controls which serves to ensure that:**

- a. Internal control are working properly;
- b. Any gaps do not result in unacceptable risk, that could lead to material losses and reputational damage among others; and
- c. Any matters raised by internal auditors are addressed effectively;

**3. Risk Assessment**

- a. Ensuring that there is no significant risk that could affect the Company's "going concern";
- b. Ensuring that no compliance or legal and compliance matters remain unaddressed; and
- c. Ensuring that the Group takes adequate measures to address/ mitigate material risks to acceptable levels.



**1. MEMBERSHIP**

- 1.1. The members of the Committee and the Committee chair shall be appointed by the Board.
- 1.2. The Committee will consist of at least 3 members.
- 1.3. The Board has the authority to appoint the members of the Committee. The majority of the members of the Committee should be financially literate. All members of the Committee shall be non-executive directors, with at least one independent director.
- 1.4. The Board will appoint the Committee chairman. In the absence of the Committee chairman, the remaining members present shall elect one of themselves to chair the meeting.

**2. SECRETARY**

- 2.1. The Company Secretary, or his or her nominee, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

**3. QUORUM**

- 3.1. The quorum for decisions of the Committee shall be fixed by the Committee and if not so fixed, shall be any two members present throughout the meeting who shall vote on the matter for decision. No business shall be transacted at a meeting of the Committee if a quorum is not present.
- 3.2. The Chairperson, at his discretion, may invite other persons to attend and to be heard at the meetings of the Committee.
- 3.3. No attendee shall have a vote at meetings of the Committee.

**4. FREQUENCY OF MEETINGS**

- 4.1. Meetings of the Committee will be held as frequently as the Committee considers appropriate, but it will normally meet not less than four times a year, corresponding to the Company's reporting cycle.
- 4.2. The Board or any member of the Committee, the external auditors and the internal auditors may call further meetings.

**5. PROCEEDINGS**

- 5.1. Meetings and proceedings of the Committee will be governed by the Company's Constitution regulating the meetings and proceedings of Directors and Committees.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of matter to be discussed, shall be forwarded to each member of the Committee by the Company Secretary.

5.3. The Company Secretary shall take minutes of meetings. These shall be reviewed and approved by the members of the Committee.

## **6. REPORTING AND ACCOUNTABILITY**

6.1. The chairperson of the Committee shall report to the Board for its activities and make recommendations to the Board concerning the adoption of the annual and interim financial statements and any other matters arising from the duties mentioned below.

6.2. The chairperson (or, in his absence, any other designated member) of the Committee shall attend the annual meeting to answer questions concerning matters falling within the ambit of the Committee.

## **7. AUTHORITY**

7.1. The Committee, in carrying out its tasks under these terms of reference:

7.1.1. Is authorized to investigate any activity within its terms of reference;

7.1.2. May, at the discretion of the Committee, require other employees of the Company to attend meetings or parts of meetings;

7.1.3. May consult with and seek any information it requires from any employees, and all employees shall be required to co-operate with any request made by the Committee in the course of its duties;

7.1.4. The Committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties;

7.1.5. The Board shall ensure that the Committee will have access to professional advice both inside and outside the Company in order for it to perform its duties.

## **8. DUTIES**

8.1. The Committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate:

### **8.1.1. Financial Reporting**

8.1.1.1. The Committee shall monitor the quality and integrity of the financial statements of the Company and the main subsidiaries of the Group, including their annual and half-yearly reports, interim management statements, preliminary announcements and any other formal statements relating to their financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor.

8.1.1.2. The Committee shall pay particular attention to:

- a. critical accounting policies and practices, and any changes therein;
- b. decisions requiring major elements of judgment or estimation;
- c. the extent to which the financial statements are affected by unusual transactions in the year and how they are disclosed;
- d. the clarity and completeness of disclosures;
- e. significant adjustments resulting from the annual audit;
- f. the going concern assumption and capital adequacy and their impact on any relevant covenants (e.g. loans, bonds, etc);
- g. compliance with accounting standards;
- h. compliance with the legal and regulatory requirements;
- i. any conflicts of interests or related party transactions.

8.1.1.3. Recommend the condensed unaudited quarterly financial statements of the Company and the Group to the Board of Directors for approval.

8.1.1.4. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the company, it shall report its views to the board.

8.1.2. Narrative Reporting

8.1.2.1. The Committee will monitor procedures to deal with and review the disclosure of information to shareholders and other stakeholders.

8.1.2.2. The Committee will have due regard for the principles of governance and codes of best practice.

8.1.2.3. The Committee will liaise with the Board in respect of the preparation of the Committee's report to shareholders as required.

8.1.3. Internal Controls and Risk Management systems

8.1.3.1. Review the Company's internal controls including the systems established to identify, assess, manage and monitor risks, and receive reports from management on the effectiveness of the systems they have established and the conclusions of any testing carried out by internal and external auditors.

8.1.3.2. The Committee will review the risk philosophy, strategy and policies recommended by the executive management and consider reports by the executive management for the purposes of ensuring that any potential identified areas of risk for the company/group are mitigated via internal controls (where possible) or monitored for acceptability (in cases where the risk is not controllable). The Committee will ensure compliance with such policies, and with the overall risk profile and appetite of the company. Risk in the widest sense includes market risk, credit risk, liquidity risk, operation risk and commercial risk, which together cover detailed combined risks such as:

- a. Interest rate risk;
- b. Country risk;

- c. Counterpart risk, including provisioning risks;
- d. Currency and foreign exchange risk;
- e. Information technology risk;
- f. Price risk;
- g. Disaster recovery risk;
- h. Operational risk;
- i. Prudential risk;
- j. Reputational risk
- k. Competitive risk;
- l. Legal risk;
- m. Compliance and control risks;
- n. Climate risk including but not limited to risk related to Global warming, changes to weather patterns;
- o. People Risk including but not limited to Key-Man risk, Fraud risk, recruitment/retention risk, health & safety risk;
- p. Concentration of risks across a number of portfolio dimensions;
- q. Investment risk;
- r. Asset evaluation risk; and
- s. Other risks appropriate to the business which may be identified from time to time.

8.1.3.3. The Committee will review the adequacy of insurance coverage.

8.1.3.4. The Committee will review risk identification and measurement methodologies.

8.1.3.5. The Committee will monitor procedures to deal with and review the disclosure of information to stakeholders.

#### 8.1.4. Internal Audit

8.1.4.1. Monitor and review the effectiveness of the Company's internal audit function.

This will include:

- a. Recommend the appointment or termination of the internal auditor to the Board;
- b. Review and approve the term of reference of the internal audit function;
- c. Ensure that the function has the necessary resources and access to information to fulfill its mandate;
- d. Review and assess the annual internal audit work plan;
- e. Receive periodic reports on the results of the internal auditor work; and
- f. Review and monitor management's responsiveness to the internal auditor findings and recommendations.

8.1.4.2. Monitor and supervise the effective function of the internal audit, ensuring that the roles of the external audit with internal audit are sufficiently clarified. This will include:

- a. Evaluating the performance of the internal audit;
- b. Reviewing the internal audit function's compliance systems of internal

- control;
  - c. Considering the appointment, dismissal or re-assignment of the head of the internal audit function; and
  - d. Reviewing and approving the internal audit charter.
- 8.1.4.3. Meet with the head of internal audit at least once a year without the presence of management;
- 8.1.4.4. Ensure cooperation and coordination between the internal and external audit functions and coordinating the formal internal audit work plan with external auditors to avoid duplication of work.

8.1.5. External Audit

- 8.1.5.1. Make recommendations to the Board, to be put to the shareholders for their approval at the annual meeting, in relation to the appointment, re-appointment and removal of the external auditors, after assessing annually the qualifications, expertise and resources, and independence effectiveness and objectivity of the external auditors and the effectiveness of the audit process, taking into account relevant Mauritius professional and regulatory requirements.
- 8.1.5.2. Develop and oversee the selection procedure for the appointment of the audit firm, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process.
- 8.1.5.3. Approve the terms of engagement and remuneration of the external auditors, for recommendation to the Board, and to the shareholders at the annual general meeting.
- 8.1.5.4. Review the external auditor's management letter and management's response.
- 8.1.5.5. Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit.
- 8.1.5.6. Develop and implement policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.
- 8.1.5.7. Ensure co-ordination with the activities of the internal audit function.
- 8.1.5.8. Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- a. a discussion of any major issues which arose during the audit;
  - b. the auditor's explanation of how the risks to audit quality were addressed;
  - c. key accounting and audit judgements;
  - d. the auditor's view of their interactions with senior management; and
  - e. levels of errors identified during the audit.

- 8.1.6. The Committee shall consider such other matters as defined by the Board.

8.2. The Committee shall review the adequacy and security of the Company's arrangements for its employees to raise concerns, in confidence, in relation to a whistleblowing matter. The Committee shall ensure that such whistleblowing procedures include the receipt, retention, and treatment of complaints and/or the disclosure in good faith, of information relating to questionable practices within the company.

#### **9. SKILLS AND TRAINING**

9.1. An induction programme will be put in place for new members of the Committee, covering their role and responsibilities, an overview of the Company's business including nature of business and main risk areas.

9.2. Ongoing training will be provided to existing members of the Committee particularly in respect of new laws and regulations and new developments in accounting and financial reporting.

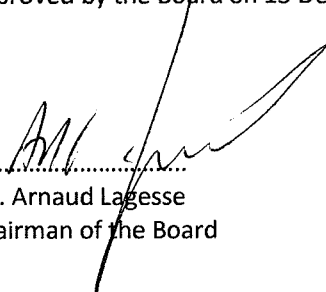
#### **10. PERFORMANCE REVIEW**

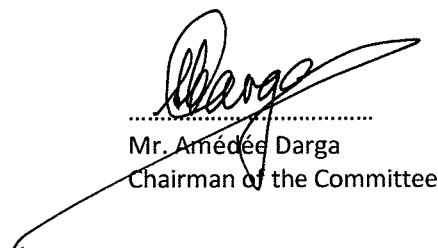
10.1. The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

#### **11. GENERAL**

11.1. These terms of reference may be amended as required, subject to the approval of the Board.

Approved by the Board on 13 December 2019

  
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Mr. Arnaud Lagesse  
Chairman of the Board

  
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Mr. Amédée Darga  
Chairman of the Committee